

1 their own frame. That is what was not clear in the response  
2 this morning. The CLECs had the vendor do the work on their  
3 side of their frame.

4 MR. QUINN: Right, for both sides of the frame.  
5 They are going to pre-wire the frame --

6 MR. STACY: Yes.

7 MR. QUINN: -- one side to the other.

8 MR. STACY: They are going to pre-wire and put it  
9 in, so the BellSouth work is actually being done on the  
10 BellSouth frame after the CLEC has already done all the  
11 work. The CLEC has done their work in advance on that case,  
12 I guess is the way to put it.

13 MR. QUINN: And so then the CLEC basically  
14 delivered and installs the frame, and BellSouth does all the  
15 actions necessary to disconnect or basically perform the  
16 cross connect that will connect eventually the loop and the  
17 port?

18 MR. STACY: Yes.

19 MR. QUINN: Okay. How is that act, the act of  
20 basically providing a pre-wired frame, how is that act of  
21 combining on the CLEC's part any less or -- excuse me -- any  
22 more than the act of doing the Recent Change?

23 I am trying to get at the notion of if the  
24 position is that we have to do something to combine, but all  
25 we have to do in the BellSouth case is provide basically a

1 pre-wired frame to BellSouth and have it installed in their  
2 central office, how is that more combining than the Recent  
3 Change process?

4 MR. STACY: It is pretty simple. It provides the  
5 CLEC with a physical presence in the central office where  
6 they have unique access to their circuits and services to do  
7 whatever they want.

8 It does not have to be a cross connect. It can be  
9 a test point. It can be a transmission extension to another  
10 office. It can be any of the things that are legal in  
11 virtual collocation space, but it is the CLEC's physical  
12 presence in the central office, and that is the difference.

13 MR. QUINN: But you just told me that we would  
14 sell the frame to you, so we would not even own the frame?

15 MR. STACY: No. You own the frame. You lease it  
16 to us.

17 MR. QUINN: We lease it to you. But the only  
18 activity on our part basically is to deliver that pre-wired  
19 frame to the RBOC and then every step other than that in the  
20 way, once we place the order, every action is actually  
21 performed by your representatives?

22 MR. STACY: If all you are interested in doing is  
23 duplicating a resold service by providing a pre-wired frame  
24 and doing nothing else to enhance or change the value of  
25 that service, then, yes, you have two ways to get it. You

1 can put the frame in pre-wired, or you can buy it at resale.

2 MS. MATTEY: I see a hand over there.

3 AUDIENCE MEMBER: I have a question for the AT&T  
4 representative.

5 You stated that it would take six months to  
6 implement Recent Change. What are the costs for the  
7 incumbent per central office, and then how do you propose  
8 that the incumbent recover these costs through the  
9 non-recurring unbundled element charges, the recurring  
10 unbundled charges? How do you propose that whatever the  
11 dollar amount be recovered?

12 MR. CALI: Okay. Let me address the first part of  
13 your question in part answering what I know and then perhaps  
14 deferring to Bob Falcone, who is here in the audience with  
15 us.

16 I do not know the actual cost. Bob is a lot  
17 closer to that than us. One thing I will point out is we  
18 are hearing from some of the Bell companies that they think  
19 the cost will be greater than we estimate at this point, but  
20 it all goes to the point that I think needs to be made that  
21 they are all costs of recent change.

22 Your second question about recovery of those costs  
23 would be the same as you recover other costs. There are  
24 costs of you might deem them competition onset costs that an  
25 ILEC needs to incur in terms of preparing to be a wholesaler

1 as required by law, but then there are other costs that are  
2 incurred because a CLEC is doing something, and those costs  
3 would be rightfully incurred from the CLEC.

4 Now, Bob, I know you are here. Do you know? Do  
5 you have an estimate of the cost of the Recent Change  
6 modifications that would be needed?

7 MR. FALCONE: The estimate we have received, and  
8 again it is a ball park estimate because we have not gotten  
9 down --

10 MR. CALI: I think you need a mike. We are  
11 getting some signals.

12 MR. FALCONE: The estimate we have received, and  
13 again it is a ball park estimate because the developers have  
14 not received input from the RBOC community, so we would  
15 certainly need that, but it is in the range of \$500,000 to  
16 \$3 million, and that is for systems development, deployment,  
17 testing and deployment.

18 MR. CALI: And that is per?

19 MR. FALCONE: Per RBOC. \$500,000 to \$3 million  
20 per RBOC. \$500,000 to \$3 million per RBOC. Not per CO.  
21 Per RBOC.

22 The \$500,000 to \$3 million would be per let's call  
23 it ILEC at this point. It would be excluding hardware,  
24 meaning the actual piece of equipment or hardware computer  
25 UNIX system that would be running the software.

1           Again, that is something that needs a lot further  
2   investigation before a firm price on that functionality can  
3   be provided.

4           AUDIENCE MEMBER:   How about the RBOC OSS ?

5           MR. FALCONE:   Yes, that is correct.

6           AUDIENCE MEMBER:   Service orders?

7           MR. FALCONE:   No, no.   The interfacing to the  
8   service order systems, not providing the service order  
9   systems because those systems are already in place.

10          AUDIENCE MEMBER:   So the changes that are required  
11   there -- ?

12          MR. FALCONE:   There at this point should not be  
13   changes required to the current service order system.

14          AUDIENCE MEMBER:   --

15          MR. FALCONE:   It is something we will have to look  
16   at together, but there is no reason to indicate that there  
17   would be any changes.

18          AUDIENCE MEMBER:   You said an application.   Is  
19   that application --?

20          MR. FALCONE:   Oh, no.   It is an application to  
21   application interface.   That is correct.   Specifically it  
22   would be through SOAC or MARCH.

23          MS. MATTEY:   Okay.   Do we have another question  
24   from the audience?

25          MR. STACY:   Carol, if I could just respond to

1       that --

2               MS. MATTEY: I am sorry.

3               MR. STACY: -- for just a half a second --

4               MS. MATTEY: Sure.

5               MR. STACY: -- to clarify what I was saying  
6       earlier?

7               That is really interesting. It is a nice product,  
8       but I have already built one. Thank you very much,  
9       BellSouth. The EDI interface exception order passes it  
10      straight through the SOAC, which in turn passes it to MARCH.

11              To do this, you are talking about settling the  
12      legal argument and then defining two new EDI transactions  
13      that do not exist yet, but that are not inconceivable of  
14      being defined to do exactly what we do with total services  
15      resale; that is, send a change down the channel just like we  
16      do for a convert with changes to do something to the  
17      software at the switch; in this case, do a suspend and then  
18      do a restore.

19              I do suspends and restores today. I have EDI  
20      transactions to do both those. I will accept a suspend  
21      today and suspend service on a switch, and I will accept a  
22      restore and restore service on a switch. All we are talking  
23      about is the price. I have already built the system, at  
24      least for BellSouth, and I am relatively sure that several  
25      of the other ILECs have already built the same thing.

1           It is an inherent capability if you built the EDI  
2   6.0 or 7.0. It is in the standard. All we are talking  
3   about is the price when you finish doing it.

4           MR. CALI: Excuse me. I will defer to the  
5   technical experts.

6           I believe there is a fundamental difference, and  
7   it is an important difference. In the resale environment,  
8   the ILEC system is doing the provisioning on the switch. We  
9   are talking about something fundamentally different where  
10   the CLEC system will actually be doing the software, the  
11   provisioning of the software we are provisioning on that  
12   switch.

13          I will defer to either Bob or the gentleman from  
14   the vendor here to confirm that or clarify that.

15          MR. FALCONE: If I may, we keep going over this  
16   ground, and I think I want to make this painfully clear.  
17   With resale, we issue a service order to the RBOC, and the  
18   RBOC does whatever they need to do to that service order to  
19   show that the CLEC is now the customer of record on that  
20   line. End of story.

21          What we are proposing here is the CLEC actually  
22   having to take some action, as opposed to what we have heard  
23   with collocation where really the CLEC is not doing anything  
24   except installing a pre-wired frame. All the physical work  
25   to combine the elements are still being done by the ILEC.

1           With the Recent Change notion, the CLEC actually  
2       has to build an interface to the switch, and the CLEC has to  
3       perform or restore, if you will, the Recent Change to  
4       combine the functionality switch and the functionality loop,  
5       very different than what we are doing with resale.

6           MR. GLOVER: Just to go back to what Bob also said  
7       this morning is that with the Recent Change feature, the  
8       loop and the switch are already combined, and that is the  
9       reason he explained that this does not work when you have a  
10      customer, a new customer, who does not yet have service.

11           That is the fundamental difference between Recent  
12      Change and real access to unbundled elements is that the  
13      loop and the switch do have to be combined as he explained  
14      this morning. It is the incumbent LEC that combines the  
15      loop to the switch and then turns over that package of  
16      network elements to the CLEC.

17           That is why this is no different than platform.  
18      It is why it is no different than resale. It is why it is  
19      already been struck down by the Eighth Circuit.

20           MR. FALCONE: Perhaps I should have been a  
21      panelist here also. I still have my card. May I?

22           MS. MATTEY: Yes.

23           MR. FALCONE: Yes. There is nothing magic here.  
24      The loop needs to be physically combined or connected to the  
25      switch. There is no magic here.



1           However, having a loop physically connected to a  
2       switch, that loop has no functionality until someone  
3       performs a Recent Change to give that loop functionality.  
4       What we are proposing is that once these things are  
5       physically combined, the CLECs have the capability of doing  
6       the software work to give them the functionality.

7           A good analogy, I think, is if you could think of  
8       your computer and your printer. Your printer, when you get  
9       it all out of the box, the printer could be plugged into the  
10      computer, plugged into the wall, you think it works, but  
11      until you load the software in your computer to tell it what  
12      type of printer it is, what port it is on and all that  
13      information, that printer has no functionality.

14           Because the loop is connected to the switch, they  
15      do not have any functionality until somebody, and the  
16      somebody we are proposing is the CLEC, does the Recent  
17      Change to combine the two to give it the functionality.

18           MR. GLOVER: Thirty seconds on the analogy. The  
19      better analogy are these lights. These lights are connected  
20      to a wire. The wire and the lights have already been  
21      pre-combined. If you turn on the light switch, the light  
22      comes on, but you are not combining the wire with the  
23      lights. They are already combined. It is the same thing  
24      with the loop and the switch.

25           MR. CALI: Excuse me, Michael. How are you going

1 to provide us OSDA on an unbundled basis in using your term  
2 of unbundled?

3 MR. GLOVER: You can do it in two different ways.  
4 You can do it by establishing collocation presence, or you  
5 can do it, as we have proposed in New York, by permitting  
6 competitors to combine. If you want a direct pipe to the  
7 operator services DH center and you want to collocate to do  
8 that, fine.

9 MR. CALI: But with a customer you will separate  
10 the customer from that OSDA service electronically?

11 MR. GLOVER: I do not understand.

12 MR. GILLAN: One quick point. There seems to be  
13 an inordinate focus here on the exception and not the rule.  
14 Everyone will agree that the first time a physical  
15 transmission facility is connected to the switch in some  
16 say, a physical connection has to occur.

17 That does not mean that because it had to happen  
18 once in its life that it is supposed to happen over and over  
19 and over and over again. The network elements were not  
20 defined that way. The network elements can be separated  
21 without that physical connection being destroyed.

22 Earlier the comment was made that the incumbent  
23 LECs do not want to give CLECs the opportunity to come to  
24 the main distribution frame and have access to it and take  
25 the wires off and put them on themselves because of a whole

1 bunch of risks, a risk that they do it wrong, a risk that  
2 they do not do it for their customer, a risk that they break  
3 something.

4 Now, the fact of the matter is each of those risks  
5 can be avoided by not requiring that the wires be ripped off  
6 and put back. The risks do not go away because a Bell  
7 technician does it. They are not infallible. The risk does  
8 not go away that they do not do it to the wrong customer  
9 because they are wearing a Bell shirt. These are issues.

10 Humans make errors, so you minimize the things  
11 that you rely on them for. There is no reason at all by  
12 law, economics, the Act or the Commission's existing  
13 policies to make busy work just because you can impose it on  
14 your entrant and avoid it yourself.

15 MR. DAVIS: At the risk of repeating myself, I  
16 think it bothers me, the complete focus upon Recent Change  
17 as a mechanism to get through the problem here in that  
18 Recent Change is a mechanism only to resolve issues  
19 associated with combining an ILEC loop with an ILEC port.  
20 If the CLEC has a different entry strategy, Recent Change is  
21 not a vehicle that will address any issue of combination.

22 MS. MATTEY: That, of course, makes me ask the  
23 question then what is, I mean, for the CLECs with a  
24 different entry strategy?

25 MR. DAVIS: For the facility based CLECs, and

1 those are the people out there today who are serving the  
2 market, it is the need to get functional elements, and that  
3 is in effect to have the ILEC perform the work not as a  
4 basis of combination, but as a basis of providing  
5 functionality.

6 We have stated in New York that because the ILEC  
7 is providing us something of value with Extended Link that  
8 we are willing to pay them more than just the UNE rate. We  
9 are willing to pay in effect a glue charge for the value  
10 that we receive in that if we can do this via mechanism or  
11 by we order a facility with one circuit ID rather than four  
12 circuit IDs, we save money.

13 To the extent that they are providing  
14 functionality to us under the reasonable profit provisions  
15 of the Act, we are willing to pay them in effect more profit  
16 for certain things than might necessarily be entitled under  
17 a strict definition.

18 In New York, we put on the table during the  
19 collaborative process that we were willing to pay a five to  
20 ten percent premium on top of the UNE cost for the provision  
21 of this glue, assuming that certain value added is provided  
22 in that process.

23 MS. MATTEY: I know, Mr. Stacy, you mentioned in  
24 your remarks that BellSouth will consider as a business  
25 proposition combining elements for a fee, and I was

1 wondering if you would elaborate upon that?

2 MR. STACY: Well, I guess if I could take what Don  
3 said, we have had discussions, to the best of my knowledge,  
4 with two carriers now, although it may be three, about doing  
5 similar things to that for a professional services fee or  
6 glue charge that is a value added service, taking certain  
7 combinations that they desire to deploy for their business  
8 plan and actually making them on their behalf.

9 Those negotiations are not concluded but are  
10 underway, and I would love to talk to Intermedia about doing  
11 it.

12 MR. DAVIS: Can I respond to that? We have had  
13 discussions with most of the major ILECs in the country  
14 relative to providing the types of situations we need. The  
15 typical response that we have gotten back from them is that  
16 they are willing to provide glued elements together at full  
17 access tariff rights.

18 As an example, and this may be an extreme example,  
19 but it is not the worst I could come up with. In one  
20 particular state, the current cost of an intrastate access  
21 DS-1 for interoffice transport is \$220 a mile. In that same  
22 state, the recently filed SGAT for a DS-1 interoffice  
23 transport is 75 cents a mile.

24 \$220 a mile versus 75 cents a mile ruins your  
25 business case plain and simple, but we have not had any ILEC

1 who was willing to talk with us about in a reasonable manner  
2 providing combined, and I hate to use the word combined  
3 because we like to think of redefined UNES, in a manner that  
4 makes any sort of economic sense to an entrant.

5 MS. MATTEY: Do we have any other questions from  
6 the audience?

7 (Panel excused.)

8 MS. MATTEY: Okay. Let's take a five minute break  
9 and start at 2:55 p.m. with the last panel.

10 (Whereupon, a short recess was taken.)

11 MS. MATTEY: In our final panel today, we are  
12 fortunate to have with us representatives from several state  
13 commissions. Many state commissions are examining issues  
14 related to the combination of unbundled network elements as  
15 part of their implementation of Section 251 and their review  
16 of Section 271 applications in state proceedings. Today's  
17 panelists will share with us their experiences in addressing  
18 these complex issues.

19 We have with us today Bill Celio from the Michigan  
20 State Commission, Peggy Rubino with the New York State  
21 Department of Public Service, Donna Nelson and Nara  
22 Srinivasa from the Texas Commission, and Brad Ramsay will be  
23 joining us shortly from NARUC.

24 Without further ado, I think I will turn it over  
25 to Bill Celio to start.

1           MR. CELIO: How appropriate. I was hoping Brad  
2 would start out.

3           In about 1989, and I am going to give you a little  
4 bit of a historical perspective because I was a little  
5 scared this morning and this afternoon because it now sounds  
6 like the lawyers are designing the telecommunications  
7 system. I am an engineer by background, so I am going to  
8 practice a little bit of law this afternoon.

9           In 1989, we began negotiations with the industry  
10 and the legislature in Michigan and enacted in 1991 the  
11 Michigan Telecommunications Act, which became effective  
12 January 1, 1992. That legitimized the local competition  
13 in Michigan. That is not to say it did not exist before,  
14 but it at least made it legal now.

15           When that started, I did not have any gray hair in  
16 my beard, and I had hair on my head. Now you see what  
17 managing a transition in the competition of local  
18 interconnection can do. It is not a career. It is an  
19 adventure.

20           We started out with a small total reseller in the  
21 Grand Rapids area named Teledial America. It was owned by  
22 two folks, one who was known and one who was a doctor out in  
23 California. They decided that they wanted to build a  
24 network in Grand Rapids, and they became a CAP, a  
25 competitive access provider, and then they moved into the

1 local business under the new law. They applied for a  
2 license, which I think cost them about \$500,000 just in  
3 legal fees and hearings.

4 Our statute in 1991, the one that became effective  
5 in 1992, established a framework for local interconnection.  
6 At that time, we did not call it local interconnection. We  
7 called it local access. In other words, it seems like you  
8 are using the same things to hook everything together, so it  
9 was just another form of access except hooking to the toll  
10 network. You were hooking to local network.

11 In 1994, we began cases that dealt with  
12 establishing interconnection prices and some unbundling and  
13 particularly loop unbundling and where do you go to get it.  
14 I believe in the period of the end of 1994 through the end  
15 of probably 1995 or before that, we issued five orders  
16 directing Ameritech to provide local interconnection to City  
17 Signal at something other than collocation. They had  
18 arranged some sort of meet point arrangement that always  
19 seemed to be okay until it came time to do it, and then they  
20 discovered that perhaps it was not feasible at that time.

21 In that 1991 statute, we also were empowered with  
22 establishing an incremental costing methodology, and we did  
23 total service along with incremental cost very similar to  
24 what Texas had and Oregon, I believe. We did not go to the  
25 extent that they did. We kind of did a Reader's Digest



1 version of unbundling the network for cost purposes, and so  
2 we established the framework.

3 We had five orders, none of which were complied  
4 with. Fortunately, the competitive carrier at that time --  
5 they did not call them CLECs at that time. They just called  
6 them the other guys. They decided I guess we better go  
7 collocation or else we are never going to get any money out  
8 of this, so they went collocation and maybe in one store  
9 they got a meet point.

10 In December of 1995, the Michigan  
11 Telecommunications Act was amended. I am not reading, but I  
12 am going to read a few quotes. Basically one section of  
13 that law codified Michigan's approach to total service along  
14 with incremental cost, which is only one letter different  
15 than TELRIC.

16 It basically says On or before January 1, the  
17 provider of basic local exchange service shall unbundle and  
18 separately price each basic local exchange service offered  
19 by the provider into loop and port components and allow  
20 other providers to purchase such services on a  
21 non-discriminatory basis.

22 It further defines that unbundled services and  
23 points of interconnection shall include at a minimum -- at a  
24 minimum underlined, in quotes, italics, capitalized. At a  
25 minimum, a loop and a port, and they defined a port as

1 everything else but the loop.

2 1996, February 7, was the infamous date that the  
3 federal Telecommunications Act came into effect. That was  
4 the date that GTE North stopped following any orders the  
5 Commission issued, and Ameritech only chose to follow the  
6 orders they wanted to.

7 What that new law did is redefine I guess the  
8 telecommunications regulatory paradigm. It also made very  
9 clear the relationship it had with the states in terms of  
10 their control, their jurisdiction, their regulation.

11 There are two sections that I need to point out,  
12 and I am not going to read them in their entirety, but  
13 basically I am going to refer you to a section, and this is  
14 in the FTA, Section 251(d)(c), the preservation of state  
15 access regulations.

16 It says that the states are not precluded to  
17 enforce any of their policies, regulations or orders in a  
18 sense that are consistent with the Act. I think if you  
19 would read the federal Telecommunications Act and the  
20 Michigan statute and the way the Commission in Michigan has  
21 administered it, they are very close.

22 Further, Section 261 basically says existing state  
23 regulations. I am going to read this one, John, for you.  
24 "Nothing in this part shall be construed to prohibit any  
25 state commission from enforcing regulations prescribed prior

1 to the date..." Remember 1992, folks? "...prior to the  
2 date of enactment of this Telecommunications Act of 1996 or  
3 for prescribing regulations after such date of enactment in  
4 fulfilling the requirements of this part if such regulations  
5 are not inconsistent with the provisions of the Act," and  
6 they are not.

7 This is very important, and this may be where a  
8 number of states differ from where Michigan is. We have  
9 been playing this game since 1992, folks. We actually had  
10 people buying loops and stuff like that in 1995 and in 1994;  
11 maybe not the way they wanted to, but they were buying them.

12 Now, that is the legal history by an engineer, but  
13 I do not think there is anything inconsistent with the Act.  
14 Now you lawyers, I want you to perk up your ears a little  
15 bit on this one because I am not going to make the legal  
16 conclusion. I am going to give you a fork with three prongs  
17 on it or three tines, I guess.

18 There is nothing in the federal law that preempts  
19 the states on this issue, okay? There is no mandate in the  
20 1996 law, the federal law, that makes this exclusively a  
21 federal issue. Finally, there is no conflict with the  
22 Michigan law and the federal law. Those of you who are  
23 lawyers know what that means. Those of you who are not  
24 lawyers like me, it means there is no Congressional  
25 preemption of Michigan's law with respect to

1 interconnection.

2 Michigan has defined the port. Remember what I  
3 said? The port is everything else. They have defined a  
4 number of elements. They defined one of those elements as  
5 what I like to call the glue that helps the combinations be  
6 put together. You can call it what you want because I am  
7 only the administrator. I have stopped doing engineering.  
8 I call it the shared or the common transport. That is the  
9 thing that makes a lot of this stuff go together.

10 I am not going to worry about how you hook the  
11 wires back and forth, but the Commission says you have to  
12 sell it, and here is the price. It is an element. We have  
13 defined, in our opinion, network elements in such a manner  
14 that they can be combined. Now, we have not ordered  
15 Ameritech that they have to combine them, but we have  
16 ordered Ameritech they have to sell them, which Ameritech  
17 has repeatedly refused to do.

18 Ameritech started this process out I believe with  
19 the arbitration of the AT&T interconnection agreements. We  
20 had two. Ameritech arbitrated with AT&T and then AT&T, or  
21 vice versa. AT&T wanted the arbitration with Ameritech, and  
22 then Ameritech came back and did another arbitration the  
23 other way against AT&T.

24 In that arbitration, the Commission ordered  
25 basically the pricing for the transport that would permit

1 these combinations to be made. The Michigan Commission  
2 twice in 271 applications before the Federal Communications  
3 Commission reiterated that opinion. They had to do it.

4 The Commission just issued an order earlier this  
5 year with respect to our cost methodology, and I think what  
6 I want to do is just read a couple quotes under that. It  
7 says, "Common transport as a term defined by the FCC and  
8 used in this Commission Order is a functionality provided to  
9 interoffice transmission facilities."

10 Although it may be used in conjunction with other  
11 equipment and functionalities to provide complete  
12 telecommunications services, it is not materially different  
13 from the other unbundled components of the network in this  
14 respect. The Commission finds that facilities used to  
15 provide common transport have the unifying characteristics  
16 of a network function and that it is, therefore, appropriate  
17 to address common transport as an unbundled network element.

18 We have put in place by Commission Order and by  
19 Commission minute action I think perhaps roughly 20 times  
20 that apply to Ameritech and GTE the requirement and the  
21 definition of the network elements that allow combinations  
22 to be made. Those Orders have yet to be complied with.

23 The argument is that the Eighth Circuit has taken  
24 that away from us, and I believe that argument is false. I  
25 think we have retained the jurisdiction because we started

1     this game back in 1992, and we have done nothing that  
2     appears to be inconsistent with the Act with respect to  
3     promoting competition at the local end of the business, and  
4     I guess we anxiously await the results of the Courts to  
5     figure out where we go next.

6             MS. MATTEY: Thank you.

7             Brad, do you want to go next, or do you want to go  
8     at the end?

9             MR. RAMSAY: It would probably make better sense  
10    if I go after them so I do not say anything --

11            MS. MATTEY: Okay. Fine.

12            MR. RAMSAY: You know, I can avoid talking about  
13    New York and Texas if they go first.

14            MS. MATTEY: Okay, then let's --

15            MS. RUBINO: As long as we agree.

16            MS. MATTEY: -- go to Ms. Rubino.

17            MS. RUBINO: My name is Peggy Rubino. I work at  
18    the New York Public Service Commission. I am in our  
19    Communications Division, and our General Counsel wanted me  
20    to make sure I tell all of you that I am an engineer. I am  
21    not a lawyer, so any legal interpretations that you get from  
22    me do not mean anything and do not bind Larry Malone.

23            I am just going to make this very quick. I just  
24    want to give you a brief history of what we have done in New  
25    York to this point and what we plan to do in the next few

1 months.

2 Bell Atlantic currently has a tariff in New York  
3 to provide combinations of elements up to and including the  
4 UNE platform. After the Eighth Circuit decision, they filed  
5 a tariff to withdraw this tariff, but at our request it is  
6 on hold. The withdrawal is on hold so that the tariff is  
7 still in effect, and they are actually providing the UNE  
8 platform to at least one company.

9 They also have in their interconnection agreements  
10 a number of combinations of elements up to and including the  
11 platform, but they have notified the parties to those  
12 agreements that they will not honor those portions of the  
13 contracts. They will sell out of the tariff, but not under  
14 the interconnection agreements.

15 Right after the Eighth Circuit came out with its  
16 decision, we tried to negotiate -- we foolishly tried to  
17 negotiate -- a settlement to this whole issue of who would  
18 provide the elements in what form, who would combine them.  
19 A lot of parties to that negotiation are sitting in this  
20 room, and I think they will agree with me that we did a  
21 couple days and went as far as we could go, but it really  
22 did not produce a lot.

23 Bell Atlantic did in that forum agree to combine  
24 elements less than the UNE platform. We talked this morning  
25 about Extended Link, and there are also some switching

1 elements that they will combine.

2 On April 6, Bell Atlantic filed a document  
3 containing the commitments agreed to make in exchange for a  
4 favorable recommendation from our chairman on its 271  
5 application. Among these was a commitment to provide the  
6 platform element for residential and business POTs and ISDN  
7 service.

8 For business POTs, there is a \$6 per month what we  
9 are calling a glue fee for metropolitan areas and a \$2 per  
10 month glue fee for rural areas. These glue fees will not  
11 kick in until after Bell Atlantic has demonstrated to our  
12 Commission that the CLECs have the practical and legal  
13 ability to combine elements themselves, which is our topic  
14 today.

15 The duration periods, six and four years, will  
16 kick in when Bell Atlantic implements certain OSS upgrades  
17 that are currently scheduled for this August. Bell Atlantic  
18 will also not be required to provide the platform in central  
19 offices in New York City where there are two or more CLECs  
20 collocated to provide local service using links, unbundled  
21 links, at the start of the duration period.

22 On May 6, our Commission instituted a proceeding  
23 to look at the entire issue of who would combine network  
24 elements and how that would be accomplished. Bell Atlantic  
25 made a filing on May 27 proposing a number of methods, and



1 we expect comments from the other parties on June 17.

2 Bell Atlantic's filing contained several forms of  
3 collocation. They made a lot of different types of  
4 offerings that were new to us from cageless collocation to  
5 common area collocation to some point of termination  
6 collocation forms. They did not offer any logical  
7 recombinations. I am sure you are not surprised to hear  
8 that.

9 The Judge in our case has scheduled findings by  
10 her on July 17, and she expects a final Commission decision  
11 August 19. For the month between July 17 and August 19, she  
12 has scheduled what she has terms collaborative working  
13 sessions. That will really depend on what the findings are  
14 as to what form that would take.

15 Our department has committed a lot of resources to  
16 figuring out the technical issues here, and we are really  
17 hopeful that we can come to some resolution of how this will  
18 all be done so that we can meet Bell Atlantic's obligations  
19 under the Act and under their pre-filing statement with as  
20 little risk to customer service as possible.

21 Thanks.

22 MS. MATTEY: Thank you.

23 Now I would like to turn it over to Donna Nelson.

24 MS. NELSON: Thank you. I appreciate the  
25 opportunity to be here, and I appreciate the dialogue